

**IOWA ASSOCIATION OF SCHOOL BOARDS**  
**CONSOLIDATED FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2009**

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**INDEPENDENT AUDITOR'S REPORT ON  
THE CONSOLIDATED FINANCIAL STATEMENTS**

To the Board of Directors  
Iowa Association of School Boards  
Des Moines, Iowa

We have audited the accompanying consolidated statement of financial position of the Iowa Association of School Boards (the Association) and its controlled entities as of June 30, 2009 and the related consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's 2008 financial statements and, in our report dated December 17, 2008, we expressed an unqualified opinion on those financial statements.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain written representations from certain members of management responsible for financial activities of the Association from July 1, 2008 through July 8, 2010, which took place under substantially different management.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the written representations referred to in the preceding paragraph been furnished to us by certain management, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Iowa Association of School Boards as of June 30, 2009 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in schedules 1 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the written representations referred to in the preceding paragraph been furnished to us by certain management, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

July 8, 2010  
West Des Moines, Iowa

*Brooks Lodden P.C.*

**IOWA ASSOCIATION OF SCHOOL BOARDS**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

June 30, 2009

With Comparative Totals for 2008

<b>ASSETS</b>	<b>2009 Consolidated Totals</b>	<b>2008 Comparative Totals</b>
Cash and cash equivalents	\$ 1,740,249	\$ 1,065,428
Assets held on behalf of others in an agency capacity:		
Cash - Iowa Council of School Board Attorney's Fund	44,293	40,679
Cash - Iowa Schools Joint Investment Trust	2,904,083	25,946
Accrued interest receivable	1,898,676	892,875
Certificates of deposit	12,480,000	12,300,000
Repurchase agreements	116,884,000	44,956,000
U.S. government agency obligations	347,558,460	367,303,185
Demand deposits	25,038,922	-
Commercial paper	-	2,995,803
Accounts receivable, net of allowance of \$-0-	711,873	1,539,337
Contributions receivable	-	4,835
Accrued interest receivable	6	35
Office property and equipment, net	3,703,297	4,124,567
Other assets	71,332	28,897
Deferred tax benefit	-	1,039,069
<b>Total assets</b>	<b>\$ 513,035,191</b>	<b>\$ 436,316,656</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 532,832	\$ 962,352
Deferred revenue	635,996	1,196,316
Customer deposits	-	95,065
Interest rate swap	207,501	116,348
Accrued vacation	47,979	-
Accrued interest	5,942	3,199
Accrued property taxes	103,912	123,919
	<b>\$ 1,534,162</b>	<b>\$ 2,497,199</b>
 Agency fund - Iowa Council of School Board Attorney's Fund	<b>\$ 44,293</b>	<b>\$ 40,696</b>
 Agency fund - held in trust for participants in ISJIT	<b>\$ 504,807,167</b>	<b>\$ 426,751,384</b>
 Accrued pension benefit liability	<b>\$ 1,292,459</b>	<b>\$ 1,016,142</b>
 Contributions payable, net of discount	<b>\$ -</b>	<b>\$ 4,835</b>
 Mortgage payable	<b>\$ 1,157,070</b>	<b>\$ 1,178,930</b>
 <b>Total liabilities</b>	<b>\$ 508,835,151</b>	<b>\$ 431,489,186</b>
 <b>NET ASSETS</b>		
Unrestricted	\$ 4,136,663	\$ 4,780,360
Temporarily restricted	63,377	47,110
<b>Total net assets</b>	<b>\$ 4,200,040</b>	<b>\$ 4,827,470</b>
 <b>Total liabilities and net assets</b>	<b>\$ 513,035,191</b>	<b>\$ 436,316,656</b>

*See Accompanying Independent Auditor's Report.*

**IOWA ASSOCIATION OF SCHOOL BOARDS**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

Year Ended June 30, 2009  
With Comparative Totals for 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Consolidated Totals</u>	<u>2008 Comparative Totals</u>
<b>REVENUES</b>				
Memberships	\$ 1,229,480	\$ -	\$ 1,229,480	\$ 1,177,056
Publications, forms and materials	206,608	-	206,608	211,623
Convention and conferences	545,453	-	545,453	603,807
Consulting services	39,662	-	39,662	128,149
Professional services	293,597	-	293,597	281,812
Contributions	8,108	102,165	110,273	117,669
Administrative services	2,718,969	-	2,718,969	2,344,408
Online payment services	1,240,087	-	1,240,087	669,417
Advertising	9,060	-	9,060	13,570
Sponsorships	484,147	-	484,147	420,499
Risk management and insurance program	402,740	-	402,740	408,985
Grants	2,629,047	-	2,629,047	2,426,060
Rental income	152,708	-	152,708	147,353
Energy supply and distribution	31,266	-	31,266	25,158,484
Net assets released from restrictions satisfied by payments	<u>85,898</u>	<u>(85,898)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 10,076,830</u>	<u>\$ 16,267</u>	<u>\$ 10,093,097</u>	<u>\$ 34,108,892</u>
<b>EXPENSES</b>				
<b>Program services:</b>				
Advocacy services	\$ 151,035	\$ -	\$ 151,035	\$ 239,756
Governance and leadership services	2,342,089	-	2,342,089	2,522,121
Convention and conferences	546,686	-	546,686	748,403
Lighthouse	153,625	-	153,625	245,405
CLIK	82,067	-	82,067	171,719
Investment services	688,170	-	688,170	1,022,192
Administrative services	174,481	-	174,481	82,641
Employee benefits services	558,982	-	558,982	644,068
Online payment services	1,483,572	-	1,483,572	674,964
Energy services	7,145	-	7,145	24,718,809
Background check services	190,342	-	190,342	223,022
Drug and alcohol testing services	299,649	-	299,649	206,706
Assessment services	2,109,602	-	2,109,602	2,172,765
Other programs	729,428	-	729,428	279,609
	<u>\$ 9,516,873</u>	<u>\$ -</u>	<u>\$ 9,516,873</u>	<u>\$ 33,952,180</u>
<b>Supporting services:</b>				
Management and general	\$ 2,221,851	\$ -	\$ 2,221,851	\$ 2,189,663
Fundraising	1,658	-	1,658	1,668
	<u>\$ 2,223,509</u>	<u>\$ -</u>	<u>\$ 2,223,509</u>	<u>\$ 2,191,331</u>
Total expenses	<u>\$ 11,740,382</u>	<u>\$ -</u>	<u>\$ 11,740,382</u>	<u>\$ 36,143,511</u>

(Continued)

## IOWA ASSOCIATION OF SCHOOL BOARDS

## CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2009  
With Comparative Totals for 2008

	Unrestricted	Temporarily Restricted	2009 Consolidated Totals	2008 Comparative Totals
<b>OTHER REVENUE (EXPENSE)</b>				
Interest income	\$ 58,297	\$ -	\$ 58,297	\$ 248,515
Other income	111,364	-	111,364	105,289
Investment income	4,834,437	-	4,834,437	14,725,481
Dividends issued to participants in ISJIT	(3,627,547)	-	(3,627,547)	(13,494,038)
Change in value of interest rate swap	(91,153)	-	(91,153)	(101,261)
Loss on discontinued software	(333,515)	-	(333,515)	-
(Provision) benefit for income tax	(1,039,069)	-	(1,039,069)	375,869
Gain on the sale of assets	994,837	-	994,837	-
Gain on the cost of issuance	112,204	-	112,204	-
Total other revenue	\$ 1,019,855	\$ -	\$ 1,019,855	\$ 1,859,855
Change in net assets	\$ (643,697)	\$ 16,267	\$ (627,430)	\$ (174,764)
Net assets at beginning of year	4,780,360	47,110	4,827,470	5,002,234
Net assets at end of year	<u>\$ 4,136,663</u>	<u>\$ 63,377</u>	<u>\$ 4,200,040</u>	<u>\$ 4,827,470</u>

*See Accompanying Independent Auditor's Report.*

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2009  
With Comparative Totals for 2008

	2009 Consolidated Totals	2008 Comparative Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (627,430)	\$ (174,764)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation and amortization	566,659	488,552
(Gain) on sale of fixed assets	(994,837)	-
Deferred taxes	1,039,069	(375,869)
Amortization of discount on contributions payable	-	458
Interest expense accreted, net	-	14,269
Swap liability	91,153	101,231
Loss on discontinued software	333,515	-
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	427,273	(21,669)
Pledges receivable	4,835	4,542
Accrued interest receivable	263,272	(114,728)
Other assets	(42,436)	(10,825)
(Decrease) increase in liabilities:		
Agency funds	(234,564)	(404,627)
Accounts payable	(393,749)	619,192
Accrued property taxes	(20,007)	951
Accrued interest	24,347	60,588
Accrued vacation	47,979	-
Contributions payable	(4,835)	(5,000)
Accrued pension liability	276,317	606,317
Customer deposits	(95,065)	-
Deferred revenue	(560,320)	365,086
Net cash provided by operating activities	\$ 101,176	\$ 1,153,704
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of securities	\$ -	\$ 100,228
Proceeds from sale of fixed assets	994,837	-
Amounts expended for computer software	(348,331)	(275,996)
Purchase of property and equipment	(51,001)	(81,524)
Net cash (used in) investing activities	\$ 595,505	\$ (257,292)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	\$ (21,860)	\$ (369,190)
Net cash provided by financing activities	\$ (21,860)	\$ (369,190)
Net increase in cash and cash equivalents	\$ 674,821	\$ 527,222
Cash and cash equivalents at beginning of year	1,065,428	538,206
Cash and cash equivalents at end of year	\$ 1,740,249	\$ 1,065,428
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash payments for interest	\$ 101,946	\$ 94,388

*See Accompanying Independent Auditor's Report.*



**IOWA ASSOCIATION OF SCHOOL BOARDS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies**

**Principles of consolidation:**

The consolidated financial statements include the accounts of the Iowa Association of School Boards (the Association) and its wholly-owned subsidiary, Local Government Services, Inc. (LGS), along with the accounts of the Iowa Schools Joint Investment Trust (ISJIT), Iowa Association of School Boards Foundation (ISBF), Iowa Joint Utility Management Program (IJUMP) (dissolved as of June 30, 2009) and Iowa Schools Cash Anticipation Program (ISCAP). The accounts of ISJIT, ISBF, IJUMP, and ISCAP are included in the consolidated financial statements as the majority of the board of directors of these organizations are appointed by the board of directors of the Association, and the Association has an economic interest in these organizations. All material inter-company accounts and transactions are eliminated in consolidation.

**Nature of organization:**

The Association is a nonprofit organization operating to develop, strengthen, and correlate the work of the school boards of the public schools in their efforts to promote the educational interests of the state of Iowa and to provide such services as will enhance these purposes. Services offered to members by the Association include publications, research, consulting, conferences, conventions, cash management, and risk management.

LGS is a for-profit, wholly-owned subsidiary of the Association. LGS operates in a support capacity for the Association, which includes technology, infrastructure, and office operations. LGS also seeks to create aggregation opportunities for members of the Association and other educational and government institutions in Iowa and other states, and operates the Association's sponsored programs. LGS is run for the benefit of the members of the Association, and all net revenue returned to the Association is invested into member services. By creating new business services and making existing business services more efficient, LGS preserves resources for the Association's members for student achievement and allows administrators to focus on the core mission of public education. Business services include marketing and administrative support for both nonprofits and intergovernmental organizations, PaySchools, and other Association sponsored programs.

ISJIT was formed under a joint and cooperative undertaking under the provision of Chapter 28E, Code of Iowa. ISJIT is exempt from federal and state income taxes under Internal Revenue Code Section 115. The organization was formed to allow Iowa schools to invest monies pursuant to a joint investment agreement.

ISBF is a separate organization formed under 501(c)(3) of the Internal Revenue Code and is subject to federal income taxes only on any unrelated business income under the Internal Revenue Code. ISBF was formed to serve the educational needs of Iowa public school boards. The organization's current primary programs are Communities for Literate Iowa Kids (CLIK) and Lighthouse.

IJUMP is a separate organization formed under Iowa Nonprofit Corporation Act, Chapter 504A, of the Code of Iowa, 2001, and is a tax-exempt organization as described in Section 501(c)(4) of the Internal Revenue Code. IJUMP is subject to federal income taxes only on any unrelated business income under the Internal Revenue Code. IJUMP was formed to provide energy and energy-related services to school districts, other public agencies, and nonprofit organizations. IJUMP was formally dissolved as of June 30, 2009 (See Note 2).



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies (*Continued*)

#### Nature of organization: (*Continued*)

ISCAP was formed under a joint and cooperative undertaking under the provision of Chapter 28E, Code of Iowa. ISCAP is exempt from federal and state income taxes under Internal Revenue Code Section 115. The organization was organized to provide a method of funding general fund deficits for school corporations participating in the ISCAP program. The Administrative Fund of the ISCAP program collects fees to cover expenses for the administration of the program.

#### Other related parties:

Iowa Schools Employee Benefit Association (ISEBA) was formed under a joint and cooperative undertaking under the provision of Chapter 28E, Code of Iowa to provide insurance to school employees. ISEBA currently offers medical, prescription drug, vision, and dental insurance coverage to members. ISEBA is considered a related party to the organization through common board members and management. ISEBA is not considered to be part of the reporting entity as the Association does not have a majority of the voting interest in ISEBA. The ISEBA Board consists of three Board members appointed by the Association, three Board members appointed by the Iowa State Education Association (ISEA), one superintendent, one teacher, and one business manager or board secretary, each of which is appointed jointly by the Association and the ISEA.

#### Classification of net assets:

**Unrestricted** – assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The Association's governing board may earmark portions of its unrestricted net assets as board-designated for various purposes.

**Temporarily restricted** – assets resulting from contributions and other inflows of assets whose use by the organization is limited to donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the organization meeting the purpose of the restriction.

**Permanently restricted** – assets resulting from contributions which are permanently restricted by donors. Although such assets may not be expended, the investment income earned on them is generally to be expended for a specific purpose. The organization currently has no such assets.

A summary of the organization's significant accounting policies is as follows:

#### Use of accounting estimates and assumptions:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies *(Continued)*

A summary of the organization's significant accounting policies is as follows: *(Continued)*

#### **Cash and cash equivalents:**

The organization considers all unrestricted deposits, savings, and money market accounts to be cash equivalents.

#### **Assets held on behalf of others (Agency Funds):**

The Association has presented on its statement of financial position certain assets designated as "Assets held on behalf of others". These assets represent cash being held for the Iowa Council of School Board Attorney's Fund and assets being held on behalf of school corporations participating in ISJIT, which includes cash equivalents (demand deposits and repurchase agreements), U.S. government agency obligations, certificates of deposit, and commercial paper. These assets are designated for the use and purpose of these organizations and cannot be used in the operations of the Association. Activity within these assets is netted for purposes of cash flow disclosure due to the agency capacity in which they are held. Income earned on the pooled investments is allocated to the respective participants.

#### **Accounts receivable:**

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and regularly evaluating individual customer receivables, considering a customer's financial condition and credit history. Accounts are considered past due 30 days past invoice date. Interest is not normally charged on past due accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

#### **Promises to give:**

Contributions, which are defined as unconditional transfers of cash or other assets including unconditional promises to give those items in the future, are measured at fair value on the date received and recognized as revenue. The imposition of restrictions on how a contribution is to be used does not delay recognition. However, the recognition of conditional gifts is delayed until the conditions are met.

The organization distinguishes between contributions received with temporary restrictions and those without donor-imposed restrictions. Contributions with donor-imposed restrictions are reported as restricted support. Receipts of unconditional promises to give with payments due in future periods are reported as restricted support unless it is clear that the donor intended the gift to be used to support activities in the current period. Gifts of long-lived assets received without donor-imposed restrictions are considered unrestricted support.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies *(Continued)*

#### A summary of the organization's significant accounting policies: *(Continued)*

##### **Repurchase agreements:**

ISJIT's investment policy allows the organization to enter into collateralized perfected repurchase agreements secured by the U.S. government or U.S. government agency obligations. A repurchase agreement involves the sale of such securities to ISJIT with the concurrent agreement of the seller to repurchase them at a specified time and price to yield an agreed-upon rate of interest. The securities collateralizing the agreement are held by the custodian and regularly verified and maintained daily in an amount equal to at least 102% of the agreements. At June 30, 2009, the securities purchased under overnight agreements to resell were collateralized by government and government agency securities in the name of ISJIT with market values of approximately \$119,222,000, held in an agency capacity.

##### **Fair value of financial instruments:**

Investments in certificates of deposit, U.S. government agency obligations, and commercial paper (including those held in an agency capacity) are recorded at amortized cost which approximates the fair value of the financial instruments based upon quoted market prices.

Based on the interest rates available to the organization, the carrying values of long-term debt is a reasonable estimation of fair value.

Interest rate swap value is determined through a valuation model used by the holder which uses interest rate factors from the market.

##### **Property and equipment:**

All acquisitions and betterments of property and equipment in excess of \$3,000 for each item for computer hardware and software and \$1,500 for each item of other classes of property and equipment are capitalized. Property and equipment are carried at cost. Depreciation and amortization on property and equipment is provided using the straight-line method over estimated lives ranging from 3 to 39 years. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

##### **Agency funds:**

The organization holds funds on behalf of the Iowa Council of School Board Attorneys Fund (ICSBA). ICSBA is available to attorneys representing members of the Association who elect to pay membership dues to ICSBA. The funds received are used to provide membership in the National School Board Association's Council of School Attorneys and services such as special topic workshops and materials published by the Association. The Association serves as the fiscal agent and coordinator of ICSBA; however, ICSBA has retained the right to designate the resources of this fund.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies (*Continued*)

#### A summary of the organization's significant accounting policies: (*Continued*)

##### **Deferred revenue:**

The organization records membership and other fees received in advance as deferred revenue. These amounts are recognized as revenue during the period in which they are earned.

##### **Contributions payable:**

Contributions authorized but unpaid at the end of the year are reported as liabilities in accordance with authoritative guidance issued by the Financial Accounting Standards Board (FASB).

##### **Compensated absences:**

Employees of the organization are entitled to paid vacations, depending on the job classification, length of service, and other factors. During the year ended June 30, 2008, the organization determined that this liability would not be material to the financial statements taken as a whole; therefore, the organization recognized the costs of compensated absences when actually paid to employees. During the year ended June 30, 2009, the organization recorded compensated absences.

##### **Derivative instruments and hedging activities:**

The organization accounts for derivatives and hedging activities in accordance with authoritative guidance issued by the FASB, which requires that all derivative instruments be recorded on the statements of financial position at fair value.

##### **Program services of the organization are as follows:**

**Advocacy services** – Include expenses associated with government relations, personnel and labor relations, school finance and other advocacy programs.

**Governance and leadership services** – Include expenses associated with board and leadership development, executive search, board policy, and other governance and leadership programs.

**Convention and conferences** – Include expenses associated with the Association's annual convention and other statewide or locally-held conferences organized by the organization.

**Lighthouse** – Includes expenses associated with the original Lighthouse Study, the third phase of continued research, and the Multi-State replication phase.

**Communities for Literate Iowa Kids Project (CLIK)** – Includes expenses associated with early literacy development programs.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies (*Continued*)

#### A summary of the organization's significant accounting policies: *Continued*)

##### Program services of the organization are as follows: (*Continued*)

Investment services – Include expenses associated with ISJIT and other investment programs.

Administrative services – Include expenses associated with ISCAP and other programs requiring administrative services.

Employee benefit services – Include expenses associated with ISEBA medical, vision, life, dental, and accidental death insurance coverage and other employee benefit programs.

Online payment services – Include expenses associated with PaySchools, Give2Schools and other online payment programs.

Energy services – Include expenses associated with IJUMP natural gas and other energy-related programs.

Background check services – Include expenses associated with the employee background check program.

Drug and alcohol testing services – Include expenses associated with the Iowa Drug & Alcohol Testing Program (IDATP).

Assessment services – Include expenses associated with Skills Iowa, I-Growth, and other assessment programs.

##### Income taxes:

The reporting entity is comprised of nonprofit, for-profit, and governmental corporations as noted above and is exempt from federal and state taxes on related income. The reporting entity is, however, subject to federal and state income taxes on any net unrelated business income under the provisions of Section 511 of the Code. LGS, the wholly-owned for-profit subsidiary of the Association, is subject to federal and state income taxes as provided below.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due or refundable plus deferred taxes. Deferred taxes result from the recognition of deferred tax liabilities and assets for expected future income tax consequence events that have been recognized in the organization's financial statements which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are determined based on temporary differences between the financial carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the temporary differences are expected to reverse. Management periodically reviews the value of deferred tax assets to determine the future realization of the asset. If management determines the asset will not be realized a valuation allowance is applied to the asset.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 2. Dissolution of Related Party Organization

IJUMP was created as a pilot program to determine the feasibility of mid-sized commercial enterprises (i.e., school buildings) buying competitively-priced natural gas. The Iowa Utilities Board evaluated the program and ordered the tariff to be expanded beyond schools to all non-residential consumers. Effective July 1, 2008, IJUMP sold all contracts to Seminole Energy Services (SES) for \$1,070,000, resulting in a gain on the sale of \$994,837. All material related contractual liabilities were either terminated or assigned to SES. All remaining assets or liabilities were assigned to the Association. As of June 30, 2009, the Board has formally dissolved the organization.

### Note 3. Significant Estimates

A liability is recorded for the value of an interest rate swap. This is an estimate of the swap's fair value based on benchmark levels of recent swaps entered into on similar terms and it is reasonably possible that the estimate may change significantly in the near term.

Pension plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimates and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

### Note 4. Concentrations

The organization routinely has cash balances at financial institutions in excess of FDIC insured limits. The organization has not experienced any losses as a result of this.

ISBF has a concentration in its contributions as 90.68% of contributions received for the year ended June 30, 2009 were from one contributor. This contributor has not committed to future contributions to ISBF.

### Note 5. Property and Equipment

At June 30, 2009 the cost and accumulated depreciation of property and equipment were as follows:

Land	\$ 505,638
Buildings and improvements	2,947,552
Office equipment	126,576
Computer equipment	410,466
Computer software	<u>1,070,850</u>
	\$5,061,082
Less accumulated depreciation and amortization	<u>1,357,785</u>
	<u>\$3,703,297</u>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## Note 6. Income Taxes

LGS accounts for income taxes in accordance with authoritative guidance issued by the FASB, whereby deferred taxes are provided on temporary differences arising from assets and liabilities whose basis is different for financial reporting and income tax purposes. Deferred taxes are attributable to the effects of the following items:

- Differences in calculating depreciation on fixed assets
- Tax loss carryforwards

Deferred taxes consist of the following at June 30, 2009:

Deferred tax assets	\$ 1,487,267
Valuation allowance	<u>(1,487,267)</u>
	<u>\$ -</u>

Subsequent to June 30, 2009, LGS's management significantly changed programs managed by LGS. These changes significantly decreased current and future revenues which affected the future realization of the deferred tax asset. Based on the factors in place, the Board decided to apply a 100% valuation allowance to the deferred tax asset. During the year ended June 30, 2009, a net amount of \$1,039,069 of the valuation allowance was recorded in the statement of activities.

As of June 30, 2009, LGS had a net operating loss carryforward of \$3,549,141 that can be deducted against future taxable income. This tax carryforward amount will expire as follows:

<u>June 30,</u>	<u>Amount</u>
2026	\$ 203,323
2027	1,286,839
2028	939,673
2029	<u>1,119,306</u>
	<u>\$3,549,141</u>

## Note 7. Agency Funds

Agency fund activity for the year ended June 30, 2009 was as follows:

	<u>ICSBA</u>	<u>ISJIT</u>
Balance at beginning of year	\$ 40,696	\$ 426,751,384
Revenue:		
Dues	12,460	-
Interest income	273	-
Other	2,250	-
Units sold	-	1,895,072,387
Units redeemed	-	(1,818,687,177)
Dividends issued	-	3,627,547
Eliminations	-	(1,956,974)
Program, administrative and support services expenditures	<u>(11,386)</u>	<u>-</u>
Balance at end of year	<u>\$ 44,293</u>	<u>\$ 504,807,167</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 8. Retirement Plans

#### Pension Plan:

The Association sponsors a defined benefit pension plan (the Plan) covering substantially all of its employees. Benefits under the Plan were based on an employee's years of service and compensation during the years immediately preceding retirement. The Plan's assets include equity, debt, and real estate pooled separate accounts. The Association's policy is to fund pension cost accrued.

The following table summarized the benefit obligations, the fair value of Plan assets, and the funded status for the year ended June 30, 2009:

Fair value of plan assets at beginning of period	\$ 2,669,600
Actual return of plan assets	(337,982)
Employer contributions	26,098
Benefits paid	<u>(81,438)</u>
 Fair value of plan assets at end of period	 <u>\$ 2,276,278</u>
 Benefit obligation at beginning of period	 \$ 3,647,120
Interest cost	180,047
Actuarial loss	(176,992)
Benefits paid	<u>(81,438)</u>
 Projected/accumulated benefit obligation at end of period	 <u>\$ 3,568,737</u>
 Plan assets in deficit of projected/accumulated benefit obligation	 <u><u>\$(1,292,459)</u></u>

The following table summarized the components of net periodic benefit costs for the year ended June 30, 2009:

Interest cost	\$ 180,047
Expected return of plan assets	(198,958)
Amortization of net loss	<u>46,354</u>
 Net periodic benefit cost	 <u>\$ 27,443</u>

Plan assets allocations were comprised of the following investment classifications at June 30, 2009:

Equity securities	11%
Debt securities	77
Real estate	<u>12</u>
	<u>100%</u>

The Association's investment objective with respect to the pension plan is to produce sufficient current income and capital growth through a portfolio of equity and fixed income investments that together with appropriate employer contributions, is sufficient to provide for the pension benefit obligations. Pension assets are managed by outside investment managers in accordance with the investment policies and guidelines established by the pension trustees, and are diversified by investment style, asset category, sector, industry, issuer, and maturity.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 8. Retirement Plans (*Continued*)

#### Pension Plan: (*Continued*)

The expected long-term return on plan assets was based upon historical and future expected returns of multiple asset classes that were analyzed to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk free real rate of return, and the associated risk premium. A weighted average rate was developed based on those overall rates and the target asset allocation.

The following are actuarial assumptions used by the Plan to develop the projected benefit obligations for the period ended June 30, 2009:

Discount rate	4.50%
Expected long-term rate of return on plan assets	6.75%

The benefits expected to be paid in each year from 2010 to 2014 are \$146,900, \$149,700, \$149,700, \$149,700, and \$149,700 respectively. The aggregate benefits expected to be paid in the five years from 2015 to 2019 are \$1,020,000. The expected benefits to be paid are based on the same assumptions used to measure the Association's benefit obligation at June 30, 2009 and include estimated employee service.

The Association does not expect to make any contributions for the 2009-10 fiscal year.

Effective August 31, 2006, all accrued benefits under the Plan have been frozen at their current amount. No future accrual service will be credited, and no future changes in compensation will be taken into account in the determination of a participant's accrued benefit. The Association amended the Plan to terminate effective August 1, 2008. Subsequent to year-end, the Board voted to rescind the Plan termination and the Plan will remain frozen until further action is taken by the Board.

The value of the liabilities is calculated using a measurement date of June 30, 2009, and the Plan assets are valued at their fair value at June 30, 2009.

#### 401(k) Plan:

The organization also has a 401(k) plan which covers substantially all employees. Under the terms of the plan, employer-matching contributions are equal to 100% of the employee contributions, up to 2% of eligible wages after six months of employment. The organization also made a discretionary contribution of 5% for the fiscal year ending June 30, 2009. The contributions to the plan for the year ended June 30, 2009 were as follows:

IASB	\$181,601
LGS	<u>104,592</u>
Total	<u>\$286,193</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 9. Mortgage Payable

LGS has a single advance variable rate term note in the amount of \$1,220,000 dated April 13, 2006, in which the proceeds were used to purchase a building. Interest on the note is equal to 2.00% plus the one-month LIBOR rate. Interest is calculated and paid on a monthly basis. The principal payments are being amortized over a 25-year period with the loan maturing in ten years.

At June 30, 2009, the balance of the single advance term note was \$1,157,070 with an interest rate of 2.31%. The single advance term note is collateralized by the building and rent. Net book value of the land and building as of June 30, 2009 was \$3,235,383.

At June 30, 2009 LGS was in violation of one condition of the loan and subsequent to year end, is in violation of two conditions and therefore the loan has been deemed to be a current liability. If action is taken to remedy the violations, the expected principal payments on the loan would be:

<u>Years</u>	<u>Amount</u>
2009	\$ 23,700
2010	25,530
2011	27,530
2012	29,660
2013	31,970
Thereafter	<u>1,018,680</u>
	<u>\$1,157,070</u>

LGS has pledged a money market account held by the bank as part of the collateral on the note. The pledged money market account balance as of June 30, 2009 was \$92,376.

### Note 10. On-Balance Sheet Derivative Instruments and Hedging Activities

#### Derivative Financial Instruments:

LGS has a stand-alone derivative financial instrument in the form of an interest rate swap agreement, which derives its value from underlying interest rates. This transaction involves both credit and market risk. The notional amount is an amount on which calculations, payments, and the value of the derivative is based. Notional amounts do not represent direct credit exposures. Direct credit exposure is limited to the net difference between the calculated amount to be received and paid, if any. Such difference, which represents the fair value of the derivative instruments, is reflected on the Association's balance sheet as a derivative liability.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 10. On-Balance Sheet Derivative Instruments and Hedging Activities *(Continued)*

#### **Derivative Financial Instruments: *(Continued)***

The organization is exposed to credit related losses in the event of nonperformance by the counter-party to this agreement; however, risk is mitigated by the fact that the counter-party is a creditor to the organization. The organization controls the credit risk of its financial contracts through credit approvals, limits and monitoring procedures, and does not expect the counter-party to fail its obligations. The organization deals only with one primary dealer.

Derivative instruments are generally negotiated over-the-counter contracts generally entered into between two counter-parties that negotiate specific terms, including the underlying instrument, amount, exercise prices, and maturity.

#### **Derivative Financial Instruments – Description:**

The organization has entered into an interest rate swap agreement with one counter-party to hedge the interest payments of the mortgage payable. The swap is pay variable, receive fixed. The objective of the interest rate swap agreement is to fix the interest rates on the mortgage payable at a lower rate than issuing fixed rate debt.

#### **Risk Management Policies – Hedging Instruments:**

The organization has entered into an interest rate swap agreement to effectively manage the risk of rising interest rates on the mortgage payable. On an ongoing basis, management monitors the monthly interest rate resets of the variable rate mortgage payable; receive, at least monthly, valuation statements of the swap agreement; record the fair value adjustments of the swap in the accounting records; and internally assess the effectiveness of the swap agreement each month and, if any material changes become evident, inform the Board of Directors of those facts and circumstances.

#### **Interest Rate Risk Management – Fair Value of Hedging Instruments:**

The organization has variable rate debt. Management believes that it is prudent to limit the variability in the fair value portion of its variable-rate debt by entering into this interest rate swap. It is the organization's objective to fix interest rates on the variable rate debt in a way that was more cost effective than natural fixed rate debt to protect against the risk of rising interest rates in the long term.

To meet this objective, the organization utilizes an interest rate swap as an asset/liability management strategy to hedge the change in value of the debt due to changes in expected interest rate assumptions. The interest rate swap agreement is a contract to make a series of variable rate payments in exchange for receiving a series of fixed rate payments. The organization believes that the hedge remains effective at June 30, 2009.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 10. On-Balance Sheet Derivative Instruments and Hedging Activities *(Continued)*

At June 30, 2009, the information pertaining to the outstanding interest rate swap agreement used to hedge variable-rate debt is as follows:

#### Swap #21257A

Notional amount	\$ 1,478,800
Weighted average pay rate	0.38%
Weighted average receive rate	5.62%
Weighted average maturity in years	<u>6.8</u>
Unrealized (loss) relating to interest rate swap	<u>\$ (207,501)</u>

The above agreement provides for the organization to make payments at a variable rate of 0.38% in exchange for receiving payments at a fixed rate of 5.62%. At June 30, 2009, the unrealized (loss) related to use of interest rate swaps was recorded as a derivative liability in accordance with authoritative guidance issued by the FASB.

### Note 11. Fair Value Measurements

Fair value of the assets and liabilities measured on a recurring basis at June 30, 2009 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Assets (held in an agency capacity)</b>				
Certificates of deposit	\$ 12,480,000	\$ -	\$ 12,480,000	\$ -
U.S. government agency obligations	347,558,460	-	347,558,460	-
<b>Liabilities:</b>				
Interest rate swap	<u>207,501</u>	<u>-</u>	<u>-</u>	<u>207,501</u>
Total	<u>\$360,245,961</u>	<u>\$ -</u>	<u>\$360,038,460</u>	<u>\$ 207,501</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 11. Fair Value Measurements (Continued)

Authoritative guidance issued by the FASB, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of quoted prices of similar assets or liabilities in active markets or quoted prices for identical or similar assets in inactive markets, and Level 3 inputs have the lowest priority. When available, the organization measures fair value using Level 1 inputs because they generally provide the more reliable evidence of fair value.

#### *Level 1 Fair Value Measurements*

The fair value measurements are based on quoted market values. The Association holds no such investments at June 30, 2009 and 2008.

#### *Level 2 Fair Value Measurements*

The fair value is based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from observable market data.

#### *Level 3 Fair Value Measurements*

The interest rate swap is not actively traded and significant other observable inputs are not available. The fair value of interest rate swap is valued by the holder of the swap using a proprietary pricing/valuation model to compute the fair value.

The following table provides further details of the Level 3 fair value measurements.

Fair value measurements using significant unobservable inputs (level 3):

	<u>Interest Rate Swap Liability</u>
<u>June 30, 2009</u>	
Beginning balance	\$(116,348)
Change in value	<u>(91,153)</u>
Ending balance	<u>\$(207,501)</u>

Changes in net assets for the year ended June 30, 2009 for the interest rate swap liability are reported as change in value of interest rate swap on the statement of activities.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 12. Net Assets

Net assets consisted of the following as of June 30, 2009:

Unrestricted net assets:	
Undesignated	\$ 1,178,703
Board designated:	
Loss Reserve-ISCAP	1,853,057
Insurance Division	1,041,275
Legal Service Fund	63,628
Total	<u>\$4,136,663</u>
Temporarily restricted net assets:	
Restricted due to purpose:	
To recognize the dedication and leadership of Iowa's school boards through education programs that enhance student learning	\$ 4,134
CLIK	59,243
Total	<u>\$ 63,377</u>

### Note 13. Related Entity Transactions

#### ISEBA:

On June 1, 2007, an agreement between LGS and ISEBA was entered into to manage the program for 1.75% of the billed medical premiums on the first \$100 million of billed medical premiums and 1% of billed medical premiums greater than \$100 million. During the year ended June 30, 2009, LGS received \$911,704 under this agreement to manage the ISEBA program. Subsequent to year-end, the contract was modified and transferred to an outside third party. Effective February 15, 2010, LGS will receive .50% of billed medical premiums to provide administrative services to ISEBA.

### Note 14. Contingencies

The organization created the insurance division under the organization to sponsor insurance plans for its members. Premium payments on the plans are made to the respective insurance carriers by the members participating in the program. The Association is reimbursed for various administrative and program services from this fund. Section 12.2 of Charter of the Insurance Division states that upon termination of the Insurance Division by the Association's board, the Executive Committee, subject to the approval of the Association Board, shall pay all obligations of the Division and distribute any remaining surplus to the Members as provided in Section 6.2, in such manner as they determine will carry out the purpose of the Division; or the Insurance Committee subject to the approval of the Association Board may transfer the Insurance Programs and the remaining surplus, or any portion thereof, to the directors of any fund established for a substantially similar purpose, provided, however that the payment upon dissolution shall be to or for the benefits of the Members and not the Insurance Committee, other private persons, or the Association, except for the payment of expenses and compensation pursuant to Section 6.1 of this Charter. The Association's Board has reserved the right to amend the Insurance Division charter which would also include the termination clause in the charter. In addition, any liability would be contingent upon the termination of the Insurance Division in its current form; however, the Association does not expect to terminate the Insurance Division in the near term. Pursuant to Section 6.2, the Insurance Committee is authorized to allocate monies of the Insurance Division for the operation of the Association. A stabilization reserve amount has been classified as a designated, unrestricted net asset by the Association Board of Directors; the amount at June 30, 2009 was \$1,041,275.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 14. Contingencies (Continued)

The organization also established a Legal Service Fund (LSF) which is available to members of the organization who elect to pay membership dues to the LSF. The funds are used to provide financial assistance and legal service to members involved in cases determined by the LSF to be of significant statewide importance. Article XI of the LSF Rules and Regulations states that, upon termination of the LSF, any remaining funds shall be distributed on a pro-rata basis to the LSF members. The amount in the LSF is not recorded as a liability in the Association's financial statements as the Association's Board has reserved the right to amend the LSF Rules and Regulations which would also include the termination clause. In addition, the liability would be contingent upon the termination of the LSF in its current form; however, the Association does not expect to terminate the LSF in the near term. The balance in the LSF at June 30, 2009 was \$63,628. The LSF amount has been classified under unrestricted net assets as designated by the Association Board of Directors for the Legal Service Fund.

ISCAP created a loss reserve to reduce future costs of issuance by strategies including reduced insurance costs. The balance designated by management for the loss reserve for the years ended June 30, 2009 was \$1,853,057. Subsequent to June 30, 2009, it was determined by ISCAP and by IASB that the 2009-10 fees were deferred and management anticipates payment of \$1,102,725 will be made to the appropriate vendors in July 2010.

The Association has an unused letter of credit with a bank in the amount of \$276,112. This letter of credit was established to protect the defined benefit plan from deficiencies that might arise as a result of payment of a single lump sum retirement benefit to a past employee. The expiration date of the letter is September 25, 2010.

### Note 15. Commitments

Prior to June 30, 2009, a severance agreement was signed with the former Chief Financial Officer (CFO). The agreement obligated LGS to pay \$143,500 pursuant to the former CFO's employment agreement. Payments were made on July 15, 2009 and August 31, 2009.

Effective August 1, 2009, the Association was obligated to pay the former Executive Director \$181,199 under a 'Hold Harmless Agreement' in regard to the pension plan freeze which took place in 2006. This amount remained unpaid through the date of this report.

### Note 16. Accounting for Uncertain Tax Positions

In June 2006, the FASB issued Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes*. FIN 48 provides detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax position recognized in an organization's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. FIN 48 requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. On December 30, 2008, the FASB issued FASB Staff Position FIN 48-3 which deferred the effective implementation date of FIN 48 to the organization's annual financial statements ending on June 30, 2010, and the organization has elected to defer application of FIN 48.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 16. Accounting for Uncertain Tax Positions (*Continued*)

The determination of uncertain tax positions for financial statements prior to the implementation of FIN 48 uses the tax judgments reported on the organization's tax returns which were based on the requirements for filing tax returns under various taxing authority's requirements for the applicable fiscal period. These filings may be subject to amendment or change during an examination by the various taxing authorities, which has not been considered in the determination of the organization's tax assets or liabilities included in those financial statements. The technical merits of the organization's tax positions are derived from sources of authorities in the tax law (legislation and statutes, legislative intent, regulations, rulings, and case law) and their applicability to the facts and circumstances of the tax positions.

### Note 17. Reclassifications

Certain 2008 amounts on the financial statements have been reclassified to conform to the 2009 classifications. Such reclassifications have no effect on the reported change in total net assets.

### Note 18. Subsequent Events

Subsequent to year-end, the following events have taken place:

#### Compensation:

During September 2009, the new IASB Executive Director's salary increased in the amount of \$157,157, without board approval, resulting in an annualized salary of \$367,157. In December 2009, the Executive Director and the Chief Financial Officer approved salary increases in the amount of \$38,536 and \$20,800 for the Deputy Executive Director and General Counsel, respectively, increasing each of their respected annualized salaries to \$165,000. Once the Board became aware of the increases, they returned the salaries to the 2009-10 budgeted amounts and requested any overpayments paid to these individuals be reimbursed to the Association. In April 2010, the board formally terminated the Executive Director. Total amounts owed to the organization are \$52,514, \$29,854, and \$6,242, from the Executive Director, Deputy Executive Director, and the General Council, respectively.

#### Personal use of credit cards:

The interim CFO for the Association used a corporate credit card for personal use including spending \$8,708 on a personal trip to Bora Bora. Total unsubstantiated charges on the credit card were \$10,950. As of the date of this report, \$9,600 has been repaid to the Association; \$1,217 remains unsubstantiated and unpaid.

#### Federal grants:

In January 2010, the Association incorrectly drew \$493,932 on a federal grant using the same expenditures that were used to draw down a state grant. A repayment in the amount of \$493,932 was made on April 14, 2010.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 18. Subsequent Events *(Continued)*

#### Unauthorized transfers:

On September 21, 2009, the prior interim CFO appeared to have made an unauthorized transfer from the Iowa Council of School Board Attorneys (ICSBA) account in the amount of \$10,000 to LGS. ICSBA is designated as an agency fund in which IASB manages on behalf of ICSBA. The prior interim CFO did not have the authority to make this transfer nor did the ICSBA committee approve the prior interim CFO to be an authorized signor on the account. Payment was made to ICSBA in the amount of \$10,000 on June 2, 2010.

On December 1, 2009, the prior interim CFO appeared to have made unauthorized transfers from an ISEBA account in the amount of \$500,000 to the Association and LGS. The prior interim CFO did not have the authority to make this transfer nor did the ISEBA Board approve the prior interim CFO to be an authorized signor on the account. Outside legal counsel researched whether or not ISEBA could loan funds to either the Association or LGS. Based upon their research of the Iowa Constitution Article VII, this transfer would not be permissible under the Iowa Code. The balance remaining to be repaid to ISEBA through the date of this report is \$184,211.

Management has evaluated subsequent events through July 8, 2010, the date the audit report was available to be issued.

**IOWA ASSOCIATION OF SCHOOL BOARDS**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
June 30, 2009  
With Comparative Totals for 2008

<b>ASSETS</b>	<b>Iowa Association of School Boards &amp; Subsidiary</b>	<b>Iowa Association of School Boards Foundation</b>	<b>Iowa Joint Utility Management Program, Inc.</b>	<b>Iowa Schools Joint Investment Trust</b>
Cash and cash equivalents	\$ 1,421,444	\$ 220,708	\$ -	\$ 98,097
Assets held on behalf of others in an agency capacity:				
Cash - Iowa Council of School Board Attorney's Fund	44,293	-	-	-
Cash - Iowa Schools Joint Investment Trust	-	-	-	2,904,083
Accrued interest receivable	-	-	-	1,898,676
Certificates of deposit	-	-	-	12,480,000
Repurchase agreements	-	-	-	116,884,000
U.S. government agency obligations	-	-	-	347,558,460
Demand deposits	-	-	-	25,038,922
Commercial paper	-	-	-	-
Accounts receivable, net of allowance of \$0-	926,706	-	-	12,636
Contributions receivable	-	-	-	-
Accrued interest receivable	6	-	-	-
Office property and equipment, net	3,703,297	-	-	-
Other assets	71,332	-	-	-
Deferred tax benefit	-	-	-	-
<b>Total assets</b>	<b>\$ 6,167,078</b>	<b>\$ 220,708</b>	<b>\$ -</b>	<b>\$ 506,874,874</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 596,926	\$ -	\$ -	\$ 10,772
Due to IASB	-	116,875	-	-
Due to LGS	-	15,704	-	-
Deferred revenue	567,088	8,577	-	-
Customer deposits	-	-	-	-
Interest rate swap	207,501	-	-	-
Accrued vacation	47,979	-	-	-
Accrued interest	5,942	-	-	-
Accrued property taxes	103,912	-	-	-
	<b>\$ 1,529,348</b>	<b>\$ 141,156</b>	<b>\$ -</b>	<b>\$ 10,772</b>
Agency fund - Iowa Council of School Board Attorney's Fund	\$ 44,293	\$ -	\$ -	\$ -
Agency fund - held in trust for participants in ISJIT	\$ -	\$ -	\$ -	\$ 506,764,141
Accrued pension benefit liability	\$ 1,292,459	\$ -	\$ -	\$ -
Contributions payable, net of discount	\$ -	\$ -	\$ -	\$ -
Mortgage payable	\$ 1,157,070	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>\$ 4,023,170</b>	<b>\$ 141,156</b>	<b>\$ -</b>	<b>\$ 506,774,913</b>
<b>NET ASSETS AND ACCUMULATED (DEFICIT)</b>				
Unrestricted	\$ 6,060,326	\$ 20,309	\$ -	\$ 99,961
Accumulated (deficit)	(3,920,552)	-	-	-
Temporarily restricted	4,134	59,243	-	-
<b>Total net assets and accumulated (deficit)</b>	<b>\$ 2,143,908</b>	<b>\$ 79,552</b>	<b>\$ -</b>	<b>\$ 99,961</b>
<b>Total liabilities, net assets, and accumulated (deficit)</b>	<b>\$ 6,167,078</b>	<b>\$ 220,708</b>	<b>\$ -</b>	<b>\$ 506,874,874</b>

*See Accompanying Independent Auditor's Report.*

## Schedule 1

Iowa Schools Cash Anticipation Program	Eliminations	2009 Consolidating Totals	2008 Comparative Totals
\$ 1,956,974	\$ (1,956,974)	\$ 1,740,249	\$ 1,065,428
-	-	44,293	40,679
-	-	2,904,083	25,946
-	-	1,898,676	892,875
-	-	12,480,000	12,300,000
-	-	116,884,000	44,956,000
-	-	347,558,460	367,303,185
-	-	25,038,922	-
-	-	-	2,995,803
-	(227,469)	711,873	1,539,337
-	-	-	4,835
-	-	6	35
-	-	3,703,297	4,124,567
-	-	71,332	28,897
-	-	-	1,039,069
<u>\$ 1,956,974</u>	<u>\$ (2,184,443)</u>	<u>\$ 513,035,191</u>	<u>\$ 436,316,656</u>
\$ -	\$ (74,866)	\$ 532,832	\$ 962,352
20,024	(136,899)	-	-
-	(15,704)	-	-
60,331	-	635,996	1,196,316
-	-	-	95,065
-	-	207,501	116,348
-	-	47,979	-
-	-	5,942	3,199
-	-	103,912	123,919
<u>\$ 80,355</u>	<u>\$ (227,469)</u>	<u>\$ 1,534,162</u>	<u>\$ 2,497,199</u>
\$ -	\$ -	\$ 44,293	\$ 40,696
\$ -	\$ (1,956,974)	\$ 504,807,167	\$ 426,751,384
\$ -	\$ -	\$ 1,292,459	\$ 1,016,142
\$ -	\$ -	\$ -	\$ 4,835
\$ -	\$ -	\$ 1,157,070	\$ 1,178,930
<u>\$ 80,355</u>	<u>\$ (2,184,443)</u>	<u>\$ 508,835,151</u>	<u>\$ 431,489,186</u>
\$ 1,876,619	\$ -	\$ 8,057,215	\$ 5,547,594
-	-	(3,920,552)	(767,234)
-	-	63,377	47,110
<u>\$ 1,876,619</u>	<u>\$ -</u>	<u>\$ 4,200,040</u>	<u>\$ 4,827,470</u>
<u>\$ 1,956,974</u>	<u>\$ (2,184,443)</u>	<u>\$ 513,035,191</u>	<u>\$ 436,316,656</u>

IOWA ASSOCIATION OF SCHOOL BOARDS  
CONSOLIDATING STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009  
With Comparative Totals for 2008

	Unrestricted					
	Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation	Iowa Joint Utility Management Program, Inc.	Iowa Schools Joint Investment Trust	Iowa Schools Cash Anticipation Program	Totals
<b>REVENUES</b>						
Memberships	\$ 1,229,480	\$ -	\$ -	\$ -	\$ -	\$ 1,229,480
Publications, forms and materials	206,608	-	-	-	-	206,608
Convention and conferences	545,453	-	-	-	-	545,453
Consulting services	96,493	-	-	-	-	96,493
Professional services	341,909	56,423	-	-	-	398,332
Contributions	-	8,108	-	-	-	8,108
Administrative services	2,536,507	-	-	-	514,332	3,050,839
Online payment services	1,240,087	-	-	-	-	1,240,087
Advertising	9,060	-	-	-	-	9,060
Sponsorships	889,060	-	-	-	-	889,060
Risk management and insurance program	402,740	-	-	-	-	402,740
Grants	2,604,047	25,000	-	-	-	2,629,047
Rental income	152,708	-	-	-	-	152,708
Energy supply and distribution	-	-	31,266	-	-	31,266
Net assets released from restrictions satisfied by payments	1,000	84,898	-	-	-	85,898
<b>Total revenues</b>	<b>\$ 10,255,152</b>	<b>\$ 174,429</b>	<b>\$ 31,266</b>	<b>\$ -</b>	<b>\$ 514,332</b>	<b>\$ 10,975,179</b>
<b>EXPENSES</b>						
<b>Program services:</b>						
Advocacy services	\$ 151,035	\$ -	\$ -	\$ -	\$ -	\$ 151,035
Governance and leadership services	2,342,089	-	-	-	-	2,342,089
Convention and conferences	546,686	-	-	-	-	546,686
Lighthouse	153,625	-	-	-	-	153,625
CLIK	77,525	79,898	-	-	-	157,423
Investment services	-	-	-	1,272,833	-	1,272,833
Administrative services	204,555	-	-	-	92,592	297,147
Employee benefits services	558,982	-	-	-	-	558,982
Online payment services	1,483,572	-	-	-	-	1,483,572
Energy services	7,145	-	-	-	-	7,145
Background check services	190,342	-	-	-	-	190,342
Drug and alcohol testing services	299,649	-	-	-	-	299,649
Assessment services	2,189,173	-	-	-	-	2,189,173
Other programs	676,231	98,281	-	-	-	774,512
	<b>\$ 8,880,609</b>	<b>\$ 178,179</b>	<b>\$ -</b>	<b>\$ 1,272,833</b>	<b>\$ 92,592</b>	<b>\$ 10,424,213</b>
<b>Supporting services:</b>						
Management and general	\$ 2,141,967	\$ 10,361	\$ 302,402	\$ -	\$ 34,876	\$ 2,489,606
Fundraising	-	1,658	-	-	-	1,658
	<b>\$ 2,141,967</b>	<b>\$ 12,019</b>	<b>\$ 302,402</b>	<b>\$ -</b>	<b>\$ 34,876</b>	<b>\$ 2,491,264</b>
<b>Total expenses</b>	<b>\$ 11,022,576</b>	<b>\$ 190,198</b>	<b>\$ 302,402</b>	<b>\$ 1,272,833</b>	<b>\$ 127,468</b>	<b>\$ 12,915,477</b>
<b>OTHER REVENUE (EXPENSE)</b>						
Interest income	\$ 45,421	\$ 1,082	\$ 1,143	\$ -	\$ 15,436	\$ 63,082
Other income	150,000	-	-	111,364	-	261,364
Investment income	-	-	-	4,834,437	-	4,834,437
Dividends issued to participants in ISJIT	-	-	-	(3,627,547)	-	(3,627,547)
Change in value of interest rate swap	(91,153)	-	-	-	-	(91,153)
Impairment of software	(437,643)	-	-	-	-	(437,643)
Loss on discontinued software	(333,515)	-	-	-	-	(333,515)
(Provision) benefit for income tax	(1,039,069)	-	-	-	-	(1,039,069)
Forgiveness of debt - IASB	-	-	42,390	-	-	42,390
Gain on the sale of assets	-	-	994,837	-	-	994,837
Gain on cost of issuance	-	-	-	-	112,204	112,204
<b>Total other revenue (expense)</b>	<b>\$ (1,705,959)</b>	<b>\$ 1,082</b>	<b>\$ 1,038,370</b>	<b>\$ 1,318,254</b>	<b>\$ 127,640</b>	<b>\$ 779,387</b>
<b>Change in net assets</b>	<b>\$ (2,473,383)</b>	<b>\$ (14,687)</b>	<b>\$ 767,234</b>	<b>\$ 45,421</b>	<b>\$ 514,504</b>	<b>\$ (1,160,911)</b>
<b>Net assets (deficit) at beginning of year</b>	<b>4,613,157</b>	<b>34,996</b>	<b>(767,234)</b>	<b>54,540</b>	<b>1,362,115</b>	<b>5,297,574</b>
<b>Net assets at end of year</b>	<b>\$ 2,139,774</b>	<b>\$ 20,309</b>	<b>\$ -</b>	<b>\$ 99,961</b>	<b>\$ 1,876,619</b>	<b>\$ 4,136,663</b>

See Accompanying Independent Auditor's Report.

Temporarily Restricted				2009 Consolidating Totals	2008 Comparative Totals
Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation	Totals	Eliminations		
\$ -	\$ -	\$ -	\$ -	\$ 1,229,480	\$ 1,177,056
-	-	-	-	206,608	211,623
-	-	-	-	545,453	603,807
-	-	-	(56,831)	39,662	128,149
-	-	-	(104,735)	293,597	281,812
-	102,165	102,165	110,273	117,669	117,669
-	-	-	(331,870)	2,718,969	2,344,408
-	-	-	-	1,240,087	669,417
-	-	-	-	9,060	13,570
-	-	-	(404,913)	484,147	420,499
-	-	-	-	402,740	408,985
-	-	-	-	2,629,047	2,426,060
-	-	-	-	152,708	147,353
-	-	-	-	31,266	25,158,484
(1,000)	(84,898)	(85,898)	-	-	-
\$ (1,000)	\$ 17,267	\$ 16,267	\$ (898,349)	\$ 10,093,097	\$ 34,108,892
\$ -	\$ -	\$ -	\$ -	\$ 151,035	\$ 239,756
-	-	-	-	2,342,089	2,522,121
-	-	-	-	546,686	748,403
-	-	-	-	153,625	245,405
-	-	-	(75,356)	82,067	171,719
-	-	-	(584,663)	688,170	1,022,192
-	-	-	(122,666)	174,481	82,641
-	-	-	-	558,982	644,068
-	-	-	-	1,483,572	674,964
-	-	-	-	7,145	24,718,809
-	-	-	-	190,342	223,022
-	-	-	-	299,649	206,706
-	-	-	(79,571)	2,109,602	2,172,765
-	-	-	(45,084)	729,428	279,609
\$ -	\$ -	\$ -	\$ (907,340)	\$ 9,516,873	\$ 33,952,180
\$ -	\$ -	\$ -	\$ (267,755)	\$ 2,221,851	\$ 2,189,663
-	-	-	-	1,668	1,668
\$ -	\$ -	\$ -	\$ (267,755)	\$ 2,223,509	\$ 2,191,331
\$ -	\$ -	\$ -	\$ (1,175,095)	\$ 11,740,382	\$ 36,143,511
\$ -	\$ -	\$ -	\$ (4,785)	\$ 58,297	\$ 248,515
-	-	-	(150,000)	111,364	105,289
-	-	-	-	4,834,437	14,725,481
-	-	-	-	(3,627,547)	(13,494,038)
-	-	-	-	(91,153)	(101,261)
-	-	-	437,643	-	-
-	-	-	-	(333,515)	-
-	-	-	-	(1,039,069)	375,869
-	-	-	(42,390)	-	-
-	-	-	-	994,837	-
-	-	-	-	112,204	-
\$ -	\$ -	\$ -	\$ 240,468	\$ 1,019,855	\$ 1,859,855
\$ (1,000)	\$ 17,267	\$ 16,267	\$ 517,214	\$ (627,430)	\$ (174,764)
5,134	41,976	47,110	(517,214)	4,827,470	5,002,234
\$ 4,134	\$ 59,243	\$ 63,377	\$ -	\$ 4,200,040	\$ 4,827,470



IOWA ASSOCIATION OF SCHOOL BOARDS  
CONSOLIDATING STATEMENT OF CASH FLOWS  
Year Ended June 30, 2009  
With Comparative Totals for 2008

	Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation	Iowa Joint Utility Management Program, Inc.	Iowa Schools Joint Investment Trust
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in net assets	\$ (2,474,383)	\$ 2,580	\$ 767,234	\$ 45,421
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	566,659	-	-	-
Gain on sale of fixed assets	-	-	(994,837)	-
Deferred taxes	1,039,069	-	-	-
Amortization of discount on contributions payable	-	-	-	-
Interest expense accreted, net	-	-	-	-
Forgiveness of debt - IJUMP	42,390	-	-	-
Swap liability	91,153	-	-	-
Impairment of software	437,643	-	-	-
Loss on discontinued software	333,515	-	-	-
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	454,372	7,998	1,228,835	(1,209)
Pledges receivable	-	4,835	-	-
Accrued interest receivable	263,272	-	-	-
Prepaid pension costs	-	-	-	-
Adjustments for loss on pledges	-	-	-	-
Other assets	(49,301)	365	6,500	-
Increase (decrease) in liabilities:				
Agency funds	(15)	-	-	(234,549)
Due to IASB	-	27,951	-	-
Due to LGS	-	3,430	-	-
Accounts payable	425,927	(91)	(826,919)	1,772
Accrued property taxes	(20,007)	-	-	-
Accrued interest	24,347	-	-	-
Accrued vacation	47,979	-	-	-
Contributions payable	(4,835)	-	-	-
Accrued pension liability	276,317	-	-	-
Customer deposits	-	-	(95,065)	-
Deferred revenue	(278,839)	(6,423)	-	-
Net cash provided by (used in) operating activities	\$ 1,175,263	\$ 40,645	\$ 85,748	\$ (188,565)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of securities	\$ -	\$ -	\$ -	\$ -
Proceeds from sale of fixed assets	-	-	994,837	-
Amounts expended for computer software	(348,331)	-	-	-
Purchase of property and equipment	(51,001)	-	-	-
Net cash provided by (used in) investing activities	\$ (399,332)	\$ -	\$ 994,837	\$ -
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings from IASB	\$ -	\$ -	\$ 170,000	\$ -
Payments on borrowings from IASB	-	(9,902)	(1,406,562)	-
Issuance of units to ISCAP	-	-	-	234,549
Principal payments on notes payable	(21,860)	-	-	-
Net cash provided by (used in) financing activities	\$ (21,860)	\$ (9,902)	\$ (1,236,562)	\$ 234,549
Net increase (decrease) in cash and cash equivalents	\$ 754,071	\$ 30,743	\$ (155,977)	\$ 45,984
Cash and cash equivalents at beginning of year	667,373	189,965	155,977	52,113
Cash and cash equivalents at end of year	\$ 1,421,444	\$ 220,708	\$ -	\$ 98,097
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>				
Cash payments for interest	\$ 106,731	\$ -	\$ 289,632	\$ -

See Accompanying Independent Auditor's Report.

## Schedule 3

Iowa Schools Cash Anticipation Program	Eliminations	2009 Consolidating Totals	2008 Comparative Totals
\$ 514,504	\$ 517,214	\$ (627,430)	\$ (174,764)
-	-	566,659	488,552
-	-	(994,837)	-
-	-	1,039,069	(375,869)
-	-	-	458
-	-	-	14,269
-	(42,390)	-	-
-	-	91,153	101,231
-	(437,643)	-	-
-	-	333,515	-
-	(1,262,723)	427,273	(21,669)
-	-	4,835	4,542
-	-	263,272	(114,728)
-	-	-	-
-	-	-	-
-	-	(42,436)	(10,825)
-	-	(234,564)	(404,627)
-	(27,951)	-	-
-	(3,430)	-	-
(4,897)	10,459	(393,749)	619,192
-	-	(20,007)	951
-	-	24,347	60,588
-	-	47,979	-
-	-	(4,835)	(5,000)
-	-	276,317	606,317
-	-	(95,065)	-
(275,058)	-	(560,320)	365,086
<u>\$ 234,549</u>	<u>\$ (1,246,464)</u>	<u>\$ 101,176</u>	<u>\$ 1,153,704</u>
\$ -	\$ -	\$ -	\$ 100,228
-	-	994,837	-
-	-	(348,331)	(275,996)
-	-	(51,001)	(81,524)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 595,505</u>	<u>\$ (257,292)</u>
\$ -	\$ (170,000)	\$ -	\$ -
-	1,416,464	-	-
-	(234,549)	-	-
-	-	(21,860)	(369,190)
<u>\$ -</u>	<u>\$ 1,011,915</u>	<u>\$ (21,860)</u>	<u>\$ (369,190)</u>
\$ 234,549	\$ (234,549)	\$ 674,821	\$ 527,222
<u>1,722,245</u>	<u>(1,722,245)</u>	<u>1,065,428</u>	<u>538,206</u>
<u>\$ 1,956,794</u>	<u>\$ (1,956,794)</u>	<u>\$ 1,740,249</u>	<u>\$ 1,065,428</u>
<u>\$ -</u>	<u>\$ (294,417)</u>	<u>\$ 101,946</u>	<u>\$ 94,388</u>

## IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 4

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION FOR  
IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARY**

June 30, 2009

With Comparative Totals for 2008

ASSETS	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations	2009 Consolidating Totals	2008 Comparative Totals
Cash and cash equivalents	\$ 1,241,481	\$ 179,963	\$ -	\$ 1,421,444	\$ 667,373
Cash and cash equivalents held on behalf of the Iowa Council of School Board Attorney's Fund	44,293	-	-	44,293	40,679
Accounts receivable, net of allowance of \$-0-	603,987	322,719	-	926,706	1,480,720
Accounts receivable - related entities	95,527	18,866	(114,393)	-	-
Loan to LGS	4,904,709	-	(4,904,709)	-	-
Accrued interest receivable	65,599	-	(65,593)	6	284,882
Note receivable	769,172	-	(769,172)	-	-
Office property and equipment, net	12,206	3,691,091	-	3,703,297	4,641,781
Other assets	71,197	135	-	71,332	22,032
Deferred tax benefit	-	-	-	-	1,039,069
Total assets	<u>\$ 7,808,171</u>	<u>\$ 4,212,774</u>	<u>\$ (5,853,867)</u>	<u>\$ 6,167,078</u>	<u>\$ 8,176,536</u>
LIABILITIES					
Accounts payable	\$ 74,069	\$ 522,857	\$ -	\$ 596,926	\$ 228,249
Accounts payable - related entities	18,866	95,527	(114,393)	-	-
Loan from IASB	-	4,904,709	(4,904,709)	-	-
Deferred revenue	563,861	3,227	-	567,088	845,927
Interest rate swap	-	207,501	-	207,501	116,348
Accrued vacation	31,173	16,806	-	47,979	-
Accrued interest	-	71,535	(65,593)	5,942	3,199
Accrued property taxes	-	103,912	-	103,912	123,919
	<u>\$ 687,969</u>	<u>\$ 5,926,074</u>	<u>\$ (5,084,695)</u>	<u>\$ 1,529,348</u>	<u>\$ 1,317,642</u>
Agency fund - Iowa Council of School Board Attorney's Fund	\$ 44,293	\$ -	\$ -	\$ 44,293	\$ 40,696
Accrued pension benefit liability	\$ 1,292,459	\$ -	\$ -	\$ 1,292,459	\$ 1,016,142
Contributions payable, net of discount	\$ -	\$ -	\$ -	\$ -	\$ 4,835
Mortgage payable:					
Mortgage payable - U.S. Bank	\$ -	\$ 1,157,070	\$ -	\$ 1,157,070	\$ 1,178,930
Mortgage payable - IASB	-	769,172	(769,172)	-	-
	<u>\$ -</u>	<u>\$ 1,926,242</u>	<u>\$ (769,172)</u>	<u>\$ 1,157,070</u>	<u>\$ 1,178,930</u>
Total liabilities	<u>\$ 2,024,721</u>	<u>\$ 7,852,316</u>	<u>\$ (5,853,867)</u>	<u>\$ 4,023,170</u>	<u>\$ 3,558,245</u>
NET ASSETS AND ACCUMULATED (DEFICIT)					
Unrestricted	\$ 5,779,316	\$ -	\$ 281,010	\$ 6,060,326	\$ 6,273,375
Common stock	-	281,010	(281,010)	-	-
Accumulated (deficit)	-	(3,920,552)	-	(3,920,552)	(1,660,218)
Temporarily restricted	4,134	-	-	4,134	5,134
Total net assets and accumulated (deficit)	<u>\$ 5,783,450</u>	<u>\$ (3,639,542)</u>	<u>\$ -</u>	<u>\$ 2,143,908</u>	<u>\$ 4,618,291</u>
Total liabilities and net assets	<u>\$ 7,808,171</u>	<u>\$ 4,212,774</u>	<u>\$ (5,853,867)</u>	<u>\$ 6,167,078</u>	<u>\$ 8,176,536</u>

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATING STATEMENT OF ACTIVITIES FOR  
IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARY

Year Ended June 30, 2009  
With Comparative Totals for 2008

	Unrestricted			
	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations	Consolidated Totals
<b>REVENUES</b>				
Memberships	\$ 1,229,480	\$ -	\$ -	\$ 1,229,480
Publications, forms and materials	205,964	644	-	206,608
Convention and conferences	545,453	-	-	545,453
Consulting services	164,856	-	(68,363)	96,493
Professional services	549,909	-	(208,000)	341,909
Administrative services	-	2,536,507	-	2,536,507
Online payment services	-	1,240,087	-	1,240,087
Advertising	9,060	-	-	9,060
Sponsorships	1,077,096	-	(188,036)	889,060
Risk management and insurance program	402,740	-	-	402,740
Grants	2,604,047	-	-	2,604,047
Rental income	-	402,708	(250,000)	152,708
Net assets released from restrictions satisfied by payments	1,000	-	-	1,000
Total revenues	\$ 6,789,605	\$ 4,179,946	\$ (714,399)	\$ 10,255,152
<b>EXPENSES</b>				
<b>Program services:</b>				
Advocacy services	\$ 151,035	\$ -	\$ -	\$ 151,035
Governance and leadership services	2,342,089	-	-	2,342,089
Convention and conferences	546,686	-	-	546,686
Lighthouse	153,625	-	-	153,625
CLIK	77,525	-	-	77,525
Administrative services	-	204,555	-	204,555
Employee benefits services	-	558,982	-	558,982
Online payment services	7,185	1,664,423	(188,036)	1,483,572
Energy services	-	7,145	-	7,145
Background check services	194	190,148	-	190,342
Drug and alcohol testing services	5,980	293,669	-	299,649
Assessment services	2,189,173	-	-	2,189,173
Other programs	140,968	535,263	-	676,231
	\$ 5,614,460	\$ 3,454,185	\$ (188,036)	\$ 8,880,609
<b>Supporting services:</b>				
Management and general	\$ 1,063,719	\$ 1,674,129	\$ (595,881)	\$ 2,141,967
Total expenses	\$ 6,678,179	\$ 5,128,314	\$ (783,917)	\$ 11,022,576
<b>OTHER REVENUE (EXPENSE)</b>				
Interest income	\$ 113,168	\$ 1,771	\$ (69,518)	\$ 45,421
Other income	-	150,000	-	150,000
Change in value of interest rate swap	-	(91,153)	-	(91,153)
Impairment of software	(437,643)	-	-	(437,643)
Loss on discontinued software	-	(333,515)	-	(333,515)
(Provision) benefit for income taxes	-	(1,039,069)	-	(1,039,069)
Total other revenue (expense)	\$ (324,475)	\$ (1,311,966)	\$ (69,518)	\$ (1,705,959)
Change in net assets and net (loss)	\$ (213,049)	\$ (2,260,334)	\$ -	\$ (2,473,383)
Net assets (loss) at beginning of year	5,992,365	(1,660,218)	281,010	4,613,157
Net assets (loss) at end of year	\$ 5,779,316	\$ (3,920,552)	\$ 281,010	\$ 2,139,774

See Accompanying Independent Auditor's Report.

## Schedule 5

Temporarily Restricted		2009	2008
Iowa		Consolidated	Comparative
Association of		Totals	Totals
School Boards			
\$	-	\$ 1,229,480	\$ 1,177,056
	-	206,608	208,593
	-	545,453	561,694
	-	96,493	128,149
	-	341,909	335,033
	-	2,536,507	2,408,020
	-	1,240,087	669,417
	-	9,060	13,570
	-	889,060	965,723
	-	402,740	408,985
	-	2,604,047	2,401,060
	-	152,708	147,353
	(1,000)	-	-
\$	(1,000)	\$ 10,254,152	\$ 9,424,653
\$	-	\$ 151,035	\$ 239,756
	-	2,342,089	2,522,121
	-	546,686	690,527
	-	153,625	215,648
	-	77,525	144,334
	-	204,555	216,282
	-	558,982	644,068
	-	1,483,572	674,964
	-	7,145	71,780
	-	190,342	223,022
	-	299,649	206,706
	-	2,189,173	2,172,765
	-	676,231	211,529
\$	-	\$ 8,880,609	\$ 8,233,502
\$	-	\$ 2,141,967	\$ 2,308,285
\$	-	\$ 11,022,576	\$ 10,541,787
\$	-	\$ 45,421	\$ 256,164
	-	150,000	-
	-	(91,153)	(101,261)
	-	(437,643)	-
	-	(333,515)	-
	-	(1,039,069)	375,869
\$	-	\$ (1,705,959)	\$ 530,772
\$	(1,000)	\$ (2,474,383)	\$ (586,362)
	5,134	4,618,291	5,204,653
\$	4,134	\$ 2,143,908	\$ 4,618,291

## IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 6

**CONSOLIDATING STATEMENT OF CASH FLOWS FOR  
IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARY**

Year Ended June 30, 2009  
With Comparative Totals for 2008

	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations	2009 Consolidating Totals	2008 Comparative Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Change in net assets and net (loss)	\$ (214,049)	\$ (2,260,334)	\$ -	\$ (2,474,383)	\$ (586,362)
Adjustments to reconcile the change in net assets and net (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	93,764	472,895	-	566,659	528,338
Deferred taxes	-	1,039,069	-	1,039,069	(375,869)
Amortization of discount on contributions payable	-	-	-	-	458
Forgiveness of debt - IJUMP	42,390	-	-	42,390	-
Swap liability	-	91,153	-	91,153	101,231
Impairment of software	437,643	-	-	437,643	-
Loss on discontinued software	-	333,515	-	333,515	-
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	694,670	(221,375)	(18,923)	454,372	535,472
Accrued interest receivable	274,074	-	(10,802)	263,272	(57,339)
Other assets	(55,380)	6,079	-	(49,301)	(10,460)
Increase (decrease) in liabilities:					
Agency funds	(15)	-	-	(15)	(21)
Accounts payable	33,129	373,875	18,923	425,927	129,882
Accrued property taxes	-	(20,007)	-	(20,007)	951
Accrued interest	-	13,545	10,802	24,347	3,199
Accrued vacation	31,173	16,806	-	47,979	-
Contributions payable	(4,835)	-	-	(4,835)	(5,000)
Accrued pension liability	276,317	-	-	276,317	606,317
Deferred revenue	(204,758)	(74,081)	-	(278,839)	281,223
Net cash provided by (used in) operating activities	\$ 1,404,123	\$ (228,860)	\$ -	\$ 1,175,263	\$ 1,152,020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from maturity of certificates of deposit	\$ -	\$ -	\$ -	\$ -	\$ 100,228
Proceeds received from borrowings to LGS	515,425	-	(515,425)	-	-
Loans to LGS	(990,688)	-	990,688	-	-
Amounts expended for computer software	-	(348,331)	-	(348,331)	(275,996)
Purchase of property and equipment	-	(51,001)	-	(51,001)	(638,524)
Net cash provided by (used in) investing activities	\$ (475,263)	\$ (399,332)	\$ 475,263	\$ (399,332)	\$ (814,292)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings from IASB	\$ -	\$ 990,688	\$ (990,688)	\$ -	\$ -
Payments on borrowings from IASB	-	(515,425)	515,425	-	-
Principal payments on notes payable	-	(21,860)	-	(21,860)	(19,190)
Net cash provided by (used in) financing activities	\$ -	\$ 453,403	\$ (475,263)	\$ (21,860)	\$ (19,190)
Net increase (decrease) in cash and cash equivalents	\$ 928,860	\$ (174,789)	\$ -	\$ 754,071	\$ 318,538
Cash and cash equivalents at beginning of year	312,621	354,752	-	667,373	348,835
Cash and cash equivalents at end of year	\$ 1,241,481	\$ 179,963	\$ -	\$ 1,421,444	\$ 667,373
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>					
Cash payments for interest	\$ -	\$ 161,703	\$ (54,972)	\$ 106,731	\$ 94,388

*See Accompanying Independent Auditor's Report.*

## IOWA ASSOCIATION OF SCHOOL BOARDS

## CONSOLIDATING STATEMENT OF EXPENSES BY PROGRAM

Year Ended June 30, 2009  
With Comparative Totals for 2008

	Advocacy	Governance and Leadership Services	Convention and Conferences	Lighthouse	CLIK
Salaries	\$ 99,416	\$ 1,627,824	\$ 168,106	\$ 90,670	\$ 58,280
Payroll taxes	5,791	94,824	9,793	5,282	3,395
Pension expense	21,773	356,515	36,817	19,858	12,764
Program management	-	-	-	-	75,355
Staff development	395	2,672	-	-	-
Marketing	-	-	-	-	-
Travel	6,585	147,404	39,839	30,418	1,286
Building operations	-	-	-	-	-
Equipment and computers	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-
Office supplies	790	4,195	7,720	4,303	4,560
Cartage and postage	6,686	15,809	10,919	1,063	523
Telephone	-	327	12	246	143
Investment advisory fees	-	-	-	-	-
Professional fees	350	51,000	24,198	-	-
Rating service	-	-	-	-	-
Sponsorship fees	-	-	-	-	-
Insurance	-	-	-	-	-
Printing	5,554	39,131	16,153	364	1,116
Reference materials	3,695	2,223	402	-	1
Dues	-	-	-	-	-
Conventions and conferences	-	-	232,727	-	-
Interest	-	-	-	-	-
Web hosting, registration and internet	-	-	-	1,421	-
Contributions	-	165	-	-	-
Assistance to members	-	-	-	-	-
Energy supply	-	-	-	-	-
Energy distribution	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Software licensing	-	-	-	-	-
Program banking fees	-	-	-	-	-
Total expenses	\$ 151,035	\$ 2,342,089	\$ 546,686	\$ 153,625	\$ 157,423



Program Services

Investment Services	Administrative Services	Employee Benefits Services	Online Payment Services	Energy Services	Background Check Services	Drug and Alcohol Testing Services	Assessment Services	
\$ -	\$ 172,692	\$ 312,152	\$ 318,962	\$ 1,977	\$ 152	\$ 46,834	\$ 38,997	\$
-	9,936	17,960	18,356	114	9	2,698	2,272	
-	10,697	19,335	20,641	122	33	3,636	8,541	
426,898	-	-	-	-	-	-	-	
-	-	251	-	-	-	-	-	
259,850	5,273	5,865	11,073	-	-	-	1,575	
-	4,439	11,502	6,886	18	-	179	-	
-	-	-	-	-	-	-	72,209	
-	-	22,418	-	-	-	-	-	
-	-	-	243,704	-	-	-	-	
-	202	1,930	1,979	-	-	-	-	
-	382	5,223	2,869	882	342	373	925	
-	9	14,505	3,709	43	-	-	270	
222,729	-	-	-	-	-	-	5,763	
21,575	31,445	1,105	146,682	3,189	189,806	243,603	-	
10,667	61,242	-	-	-	-	-	2,058,432	
320,972	-	97,224	393,818	-	-	-	-	
-	-	47,793	-	-	-	-	-	
-	764	1,719	500	-	-	-	-	
-	66	-	-	800	-	13	53	
-	-	-	-	-	-	-	136	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	2,313	-	
-	-	-	1,067	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
10,142	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	501,362	-	-	-	-	
<u>\$ 1,272,833</u>	<u>\$ 297,147</u>	<u>\$ 558,982</u>	<u>\$ 1,671,608</u>	<u>\$ 7,145</u>	<u>\$ 190,342</u>	<u>\$ 299,649</u>	<u>\$ 2,189,173</u>	<u>\$</u>

Supporting Services							
Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Eliminations	2009 Consolidating Totals	2008 Comparative Totals
\$ 307,093	\$ 3,243,155	\$ 655,369	\$ -	\$ 655,369	\$ -	\$ 3,898,524	\$ 3,431,758
17,732	188,162	37,724	-	37,724	-	225,886	224,307
33,008	543,740	44,868	-	44,868	-	588,608	980,269
51,507	553,760	56,316	-	56,316	(176,756)	433,320	353,250
-	4,893	8,671	-	8,671	-	13,564	26,923
4,567	286,628	-	-	-	(259,850)	26,778	33,582
7,900	328,665	15,023	907	15,930	-	344,595	311,619
-	-	522,604	-	522,604	(250,000)	272,604	342,465
-	22,418	104,669	-	104,669	-	127,087	162,108
-	243,704	322,955	-	322,955	(79,571)	487,088	488,552
1,660	28,264	33,861	-	33,861	-	62,125	59,666
931	46,272	4,491	90	4,581	-	50,853	54,368
937	25,694	11,578	-	11,578	-	37,272	54,268
-	222,729	-	-	-	-	222,729	305,309
300,700	3,072,085	342,036	73	342,109	(333,194)	3,081,000	2,748,158
-	71,909	-	-	-	-	71,909	60,596
-	812,014	80,663	-	80,663	(592,950)	299,727	188,537
-	47,793	286,356	-	286,356	-	334,149	314,547
1,399	66,766	15,680	223	15,903	-	82,669	98,343
103	7,426	8,667	-	8,667	-	16,093	19,562
-	-	84,851	365	85,216	-	85,216	75,809
-	235,040	-	-	-	-	235,040	309,347
-	-	180,034	-	180,034	(74,301)	105,733	108,993
-	2,488	37,252	-	37,252	-	39,740	40,965
-	165	42,390	-	42,390	(42,390)	165	517,243
46,000	46,000	-	-	-	-	46,000	10,000
-	-	-	-	-	-	-	24,364,940
-	-	-	-	-	-	-	169,401
975	11,117	39,429	-	39,429	-	50,546	46,839
-	-	150,000	-	-	(150,000)	-	-
-	501,362	-	-	-	-	501,362	241,787
<u>\$ 774,512</u>	<u>\$ 10,612,249</u>	<u>\$ 3,085,487</u>	<u>\$ 1,658</u>	<u>\$ 2,937,145</u>	<u>\$ (1,959,012)</u>	<u>\$ 11,740,382</u>	<u>\$ 36,143,511</u>

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATING STATEMENT OF EXPENSES BY ORGANIZATION

Year Ended June 30, 2009

With Comparative Totals for 2008

	Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation	Iowa Joint Utility Management Program, Inc.	Iowa Schools Joint Investment Trust
Salaries	\$ 3,898,524	\$ -	\$ -	\$ -
Payroll taxes	225,886	-	-	-
Pension expense	588,608	-	-	-
Program management	-	126,863	56,316	426,898
Staff development	13,564	-	-	-
Marketing	26,778	-	-	259,850
Travel	299,378	3,243	13	-
Building operations	272,604	-	-	-
Equipment and computers	127,087	-	-	-
Depreciation and amortization	566,659	-	-	-
Office supplies	43,100	5,741	5,107	-
Cartage and postage	39,059	282	26	-
Telephone	37,044	60	25	-
Investment advisory fees	-	-	-	222,729
Professional fees	966,205	4,598	28,636	21,575
Skills Iowa expenses	2,058,432	-	-	-
Rating service	-	-	-	10,667
Sponsorship fees	303,670	-	55,000	320,972
Insurance	328,647	1,834	1,834	-
Printing	64,827	1,161	3	-
Reference materials	15,691	-	-	-
Dues	83,482	365	-	-
Conventions and conferences	336,897	-	-	-
Interest	105,730	-	4,785	-
Web hosting, registration and internet	37,340	-	-	-
Contributions	42,555	46,000	-	-
Assistance to members	-	-	-	-
Energy supply	-	-	-	-
Energy distribution	-	-	-	-
Software license	-	-	150,000	-
Miscellaneous	39,412	51	657	10,142
Program banking fees	501,397	-	-	-
Total expenses	\$ 11,022,576	\$ 190,198	\$ 302,402	\$ 1,272,833

## Schedule 8

Iowa Schools Cash Anticipation Program	Eliminations	2009 Consolidating Totals	2008 Comparative Totals
\$ -	\$ -	\$ 3,898,524	\$ 3,431,758
-	-	225,886	224,307
-	-	588,608	980,269
-	(176,755)	433,322	353,250
-	-	13,564	26,923
-	(259,850)	26,778	33,582
372	-	303,006	311,619
-	-	272,604	342,465
-	-	127,087	162,108
-	(79,571)	487,088	488,552
172	-	54,120	59,666
536	-	39,903	54,368
134	-	37,263	54,268
-	-	222,729	305,309
35,555	(56,831)	999,738	677,506
-	-	2,058,432	2,070,652
61,242	-	71,909	60,596
25,000	(404,913)	299,729	188,537
1,834	-	334,149	314,547
223	-	66,214	98,343
-	-	15,691	19,562
-	-	83,847	75,809
-	-	336,897	309,347
-	(4,785)	105,730	108,993
2,400	-	39,740	40,965
-	(42,390)	46,165	517,243
-	-	-	10,000
-	-	-	24,364,940
-	-	-	169,401
-	(150,000)	-	-
-	-	50,262	46,839
-	-	501,397	241,787
<u>\$ 127,468</u>	<u>\$ (1,175,095)</u>	<u>\$ 11,740,382</u>	<u>\$ 36,143,511</u>

## IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 9

CONSOLIDATING STATEMENT OF EXPENSES FOR  
IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARY

Year Ended June 30, 2009  
With Comparative Totals for 2008

	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations	2009 Consolidating Totals	2008 Comparative Totals
Salaries	\$ 2,209,986	\$ 1,688,538	\$ -	\$ 3,898,524	\$ 3,307,943
Payroll taxes	128,736	97,150	-	225,886	219,966
Pension expense	484,016	104,592	-	588,608	976,249
Staff development	13,283	281	-	13,564	26,663
Marketing	-	26,778	-	26,778	33,582
Travel	269,357	30,021	-	299,378	288,032
Building operations	259,188	263,416	(250,000)	272,604	342,465
Equipment and computers	-	127,087	-	127,087	162,108
Depreciation and amortization	93,764	472,895	-	566,659	528,338
Office supplies	28,967	14,133	-	43,100	50,284
Cartage and postage	28,525	10,534	-	39,059	52,001
Telephone	10,937	26,107	-	37,044	52,792
Professional fees	306,546	936,021	(276,363)	966,205	588,449
Skills Iowa expenses	2,058,432	-	-	2,058,432	2,070,652
Sponsorship fees	-	491,706	(188,036)	303,670	191,710
Insurance	210,752	117,895	-	328,647	302,233
Printing	61,722	3,105	-	64,827	93,889
Reference materials	14,810	881	-	15,691	19,421
Dues	83,352	130	-	83,482	75,170
Conventions and conferences	334,584	2,313	-	336,897	266,907
Interest	-	175,248	(69,518)	105,730	94,388
Web hosting, registration and internet	1,461	35,879	-	37,340	37,657
Contributions	42,555	-	-	42,555	472,243
Assistance to members	-	-	-	-	10,000
Miscellaneous	37,205	2,207	-	39,412	36,858
Program banking fees	-	501,397	-	501,397	241,787
Total expenses	<u>\$ 6,678,178</u>	<u>\$ 5,128,314</u>	<u>\$ (783,917)</u>	<u>\$ 11,022,576</u>	<u>\$ 10,541,787</u>

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATING STATEMENT OF FINANCIAL POSITION FOR  
IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARY AND  
IOWA ASSOCIATION OF SCHOOL BOARDS FOUNDATION  
June 30, 2009

ASSETS	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations
Cash and cash equivalents	\$ 1,241,481	\$ 179,963	\$ -
Cash and cash equivalents held on behalf of the Iowa Council of School Board Attorney's Fund	44,293	-	-
Accounts receivable, net of allowance of \$-0-	487,112	307,015	-
Accounts receivable - related entities	212,402	34,570	(114,393)
Loan to LGS	4,904,709	-	(4,904,709)
Accrued interest receivable	65,599	-	(65,593)
Note receivable	769,172	-	(769,172)
Office property and equipment, net	12,206	3,691,091	-
Other assets	71,197	135	-
Total assets	<u>\$ 7,808,171</u>	<u>\$ 4,212,774</u>	<u>\$ (5,853,867)</u>
LIABILITIES			
Accounts payable	\$ 74,069	\$ 522,857	\$ -
Accounts payable - related entities	18,866	95,527	(114,393)
Due to IASB	-	4,904,709	(4,904,709)
Due to LGS	-	-	-
Deferred revenue	563,861	3,227	-
Interest rate swap	-	207,501	-
Accrued vacation	31,173	16,806	-
Accrued interest	-	71,535	(65,593)
Accrued property taxes	-	103,912	-
	<u>\$ 687,969</u>	<u>\$ 5,926,074</u>	<u>\$ (5,084,695)</u>
Agency fund - Iowa Council of School Board Attorney's Fund	<u>\$ 44,293</u>	<u>\$ -</u>	<u>\$ -</u>
Accrued pension benefit liability	<u>\$ 1,292,459</u>	<u>\$ -</u>	<u>\$ -</u>
Mortgage payable:			
Mortgage payable - US Bank	\$ -	\$ 1,157,070	\$ -
Mortgage payable - IASB	-	769,172	(769,172)
	<u>\$ -</u>	<u>\$ 1,926,242</u>	<u>\$ (769,172)</u>
Total liabilities	<u>\$ 2,024,721</u>	<u>\$ 7,852,316</u>	<u>\$ (5,853,867)</u>
NET ASSETS AND ACCUMULATED (DEFICIT)			
Unrestricted	\$ 5,779,316	\$ -	\$ 281,010
Common stock	-	281,010	(281,010)
Accumulated (deficit)	-	(3,920,552)	-
Temporarily restricted	4,134	-	-
Total net assets and accumulated (deficit)	<u>\$ 5,783,450</u>	<u>\$ (3,639,542)</u>	<u>\$ -</u>
Total liabilities and net assets	<u>\$ 7,808,171</u>	<u>\$ 4,212,774</u>	<u>\$ (5,853,867)</u>

See Accompanying Independent Auditor's Report.



## Schedule 10

Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation	Eliminations	Consolidating Totals
\$ 1,421,444	\$ 220,708	\$ -	\$ 1,642,152
44,293	-	-	44,293
794,127	-	-	794,127
132,579	-	(132,579)	-
-	-	-	-
6	-	-	6
-	-	-	-
3,703,297	-	-	3,703,297
71,332	-	-	71,332
<u>\$ 6,167,078</u>	<u>\$ 220,708</u>	<u>\$ (132,579)</u>	<u>\$ 6,255,207</u>
\$ 596,926	\$ -	\$ -	\$ 596,926
-	-	-	-
-	116,875	(116,875)	-
-	15,704	(15,704)	-
567,088	8,577	-	575,665
207,501	-	-	207,501
47,979	-	-	47,979
5,942	-	-	5,942
103,912	-	-	103,912
<u>\$ 1,529,348</u>	<u>\$ 141,156</u>	<u>\$ (132,579)</u>	<u>\$ 1,537,925</u>
\$ 44,293	\$ -	\$ -	\$ 44,293
\$ 1,292,459	\$ -	\$ -	\$ 1,292,459
\$ 1,157,070	\$ -	\$ -	\$ 1,157,070
-	-	-	-
<u>\$ 1,157,070</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,157,070</u>
\$ 4,023,170	\$ 141,156	\$ (132,579)	\$ 4,031,747
\$ 6,060,326	\$ 20,309	\$ -	\$ 6,080,635
-	-	-	-
(3,920,552)	-	-	(3,920,552)
4,134	59,243	-	63,377
<u>\$ 2,143,908</u>	<u>\$ 79,552</u>	<u>\$ -</u>	<u>\$ 2,223,460</u>
<u>\$ 6,167,078</u>	<u>\$ 220,708</u>	<u>\$ (132,579)</u>	<u>\$ 6,255,207</u>

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATING STATEMENT OF ACTIVITIES FOR  
IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARY AND  
IOWA ASSOCIATION OF SCHOOL BOARDS FOUNDATION

Year Ended June 30, 2009

	Unrestricted				
	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations	Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation
<b>REVENUES</b>					
Memberships	\$ 1,229,480	\$ -	\$ -	\$ 1,229,480	\$ -
Publications, forms and materials	205,964	644	-	206,608	-
Convention and conferences	545,453	-	-	545,453	-
Consulting services	164,856	-	(68,363)	96,493	-
Professional services	549,909	-	(208,000)	341,909	56,423
Contributions	-	-	-	-	8,108
Administrative services	-	2,536,507	-	2,536,507	-
Online payment services	-	1,240,087	-	1,240,087	-
Advertising	9,060	-	-	9,060	-
Sponsorships	1,077,096	-	(188,036)	889,060	-
Risk management and insurance program	402,740	-	-	402,740	-
Grants	2,604,047	-	-	2,604,047	25,000
Rental income	-	402,708	(250,000)	152,708	-
Net assets released from restrictions satisfied by payments	1,000	-	-	1,000	84,898
Total revenues	\$ 6,789,605	\$ 4,179,946	\$ (714,399)	\$ 10,255,152	\$ 174,429
<b>EXPENSES</b>					
<b>Program services:</b>					
Advocacy services	\$ 151,035	\$ -	\$ -	\$ 151,035	\$ -
Governance and leadership services	2,342,089	-	-	2,342,089	-
Convention and conferences	546,686	-	-	546,686	-
Lighthouse	153,625	-	-	153,625	-
CLIK	77,525	-	-	77,525	79,898
Administrative services	-	204,555	-	204,555	-
Employee benefits services	-	558,982	-	558,982	-
Online payment services	-	1,664,423	(188,036)	1,476,387	-
Energy services	7,185	7,145	-	14,330	-
Background check services	194	190,148	-	190,342	-
Drug and alcohol testing services	5,980	293,669	-	299,649	-
Assessment services	2,189,173	-	-	2,189,173	-
Other programs	140,968	535,263	-	676,231	98,281
	\$ 5,614,460	\$ 3,454,185	\$ (188,036)	\$ 8,880,609	\$ 178,179
<b>Supporting services:</b>					
Management and general	\$ 1,063,719	\$ 1,674,129	\$ (595,881)	\$ 2,141,967	\$ 10,361
Fundraising	-	-	-	-	1,658
	\$ 1,063,719	\$ 1,674,129	\$ (595,881)	\$ 2,141,967	\$ 12,019
Total expenses	\$ 6,678,179	\$ 5,128,314	\$ (783,917)	\$ 11,022,576	\$ 190,198
<b>OTHER REVENUE (EXPENSE)</b>					
Interest income	\$ 113,168	\$ 1,771	\$ (69,518)	\$ 45,421	\$ 1,082
Software license	-	150,000	-	150,000	-
Change in value of interest rate swap	-	(91,153)	-	(91,153)	-
(Provision) for income taxes	-	(1,039,069)	-	(1,039,069)	-
Impairment of software	(437,643)	-	-	(437,643)	-
Loss on discontinued software	-	(333,515)	-	(333,515)	-
Total other revenue (expense)	\$ (324,475)	\$ (1,311,966)	\$ (69,518)	\$ (1,705,959)	\$ 1,082
Change in net assets and net (loss)	\$ (213,049)	\$ (2,260,334)	\$ -	\$ (2,473,383)	\$ (14,687)
Net assets (deficit) at beginning of year	5,992,365	(1,660,218)	281,010	4,613,157	34,996
Net assets (deficit) at end of year	\$ 5,779,316	\$ (3,920,552)	\$ 281,010	\$ 2,139,774	\$ 20,309

See Accompanying Independent Auditor's Report.

## Schedule 11

Eliminations	Consolidating Totals	Temporarily Restricted		Consolidating Totals
		Iowa Association of School Boards	Iowa Association of School Boards Foundation	
\$ -	\$ 1,229,480	\$ -	\$ -	\$ -
-	206,608	-	-	-
-	545,453	-	-	-
-	96,493	-	-	-
(1,275)	397,057	-	-	-
-	8,108	-	102,165	102,165
(120,439)	2,416,068	-	-	-
-	1,240,087	-	-	-
-	9,060	-	-	-
-	889,060	-	-	-
-	402,740	-	-	-
-	2,629,047	-	-	-
-	152,708	-	-	-
-	85,898	(1,000)	(84,898)	(85,898)
\$ (121,714)	\$ 10,307,867	\$ (1,000)	\$ 17,267	\$ 16,267
\$ -	\$ 151,035	\$ -	\$ -	\$ -
-	2,342,089	-	-	-
-	546,686	-	-	-
-	153,625	-	-	-
(75,355)	82,068	-	-	-
-	204,555	-	-	-
-	558,982	-	-	-
-	1,476,387	-	-	-
-	14,330	-	-	-
-	190,342	-	-	-
-	299,649	-	-	-
(79,571)	2,109,602	-	-	-
(45,084)	729,428	-	-	-
\$ (200,010)	\$ 8,858,778	\$ -	\$ -	\$ -
\$ (1,275)	\$ 2,151,053	\$ -	\$ -	\$ -
-	1,658	-	-	-
\$ (1,275)	\$ 2,152,711	\$ -	\$ -	\$ -
\$ (201,285)	\$ 11,011,489	\$ -	\$ -	\$ -
\$ -	\$ 46,503	\$ -	\$ -	\$ -
-	(91,153)	-	-	-
-	(1,039,069)	-	-	-
437,643	-	-	-	-
-	(333,515)	-	-	-
\$ 437,643	\$ (1,417,234)	\$ -	\$ -	\$ -
\$ 517,214	\$ (1,970,856)	\$ (1,000)	\$ 17,267	\$ 16,267
(517,214)	4,130,939	5,134	41,976	47,110
\$ -	\$ 2,160,083	\$ 4,134	\$ 59,243	\$ 63,377

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATING STATEMENT OF CASH FLOWS FOR  
IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARY AND  
IOWA ASSOCIATION OF SCHOOL BOARDS FOUNDATION  
Year Ended June 30, 2009

	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in net assets and net (loss)	\$ (214,049)	\$ (2,260,334)	\$ -
Adjustments to reconcile the change in net assets and net (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	93,764	472,895	-
Deferred taxes	-	1,039,069	-
Forgiveness of debt - IJUMP	42,390	-	-
Swap liability	-	91,153	-
Impairment of software	437,643	-	-
Loss on discontinued software	-	333,515	-
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	694,670	(221,375)	(18,923)
Pledges receivable	-	-	-
Accrued interest receivable	274,074	-	(10,802)
Other assets	(55,380)	6,079	-
Increase (decrease) in liabilities:			
Agency funds	(15)	-	-
Due to IASB	-	-	-
Due to LGS	-	-	-
Accounts payable	33,129	373,875	18,923
Accrued property taxes	-	(20,007)	-
Accrued interest	-	13,545	10,802
Accrued vacation	31,173	16,806	-
Contributions payable	(4,835)	-	-
Accrued pension liability	276,317	-	-
Deferred revenue	(204,758)	(74,081)	-
Net cash provided by (used in) operating activities	\$ 1,404,123	\$ (228,860)	\$ -
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds received from borrowings to LGS	\$ 515,425	\$ -	\$ (515,425)
Loans to LGS	(990,688)	-	990,688
Amounts expended for computer software	-	(348,331)	-
Purchase of property and equipment	-	(51,001)	-
Net cash provided by (used in) investing activities	\$ (475,263)	\$ (399,332)	\$ 475,263
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings from IASB	\$ -	\$ 990,688	\$ (990,688)
Payments on borrowings from IASB	-	(515,425)	515,425
Principal payments on notes payable	-	(21,860)	-
Net cash provided by (used in) financing activities	\$ -	\$ 453,403	\$ (475,263)
Net increase (decrease) in cash and cash equivalents	\$ 928,860	\$ (174,789)	\$ -
Cash and cash equivalents at beginning of year	312,621	354,752	-
Cash and cash equivalents at end of year	\$ 1,241,481	\$ 179,963	\$ -
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>			
Cash payments for interest	\$ -	\$ 161,703	\$ (54,972)

See Accompanying Independent Auditor's Report.

## Schedule 12

Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation	Eliminations	Consolidating Totals
\$ (2,474,383)	\$ 2,580	\$ -	\$ (2,471,803)
566,659	-	-	566,659
1,039,069	-	-	1,039,069
42,390	-	-	42,390
91,153	-	-	91,153
437,643	-	-	437,643
333,515	-	-	333,515
454,372	7,998	21,479	483,849
-	4,835	-	4,835
263,272	-	-	263,272
(49,301)	365	-	(48,936)
(15)	-	-	(15)
-	27,951	(27,951)	-
-	3,430	(3,430)	-
425,927	(91)	-	425,836
(20,007)	-	-	(20,007)
24,347	-	-	24,347
47,979	-	-	47,979
(4,835)	-	-	(4,835)
276,317	-	-	276,317
(278,839)	(6,423)	-	(285,262)
<u>\$ 1,175,263</u>	<u>\$ 40,645</u>	<u>\$ (9,902)</u>	<u>\$ 1,206,006</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
(348,331)	-	-	(348,331)
(51,001)	-	-	(51,001)
<u>\$ (399,332)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (399,332)</u>
\$ -	\$ -	\$ -	\$ -
-	(9,902)	9,902	-
(21,860)	-	-	(21,860)
<u>\$ (21,860)</u>	<u>\$ (9,902)</u>	<u>\$ 9,902</u>	<u>\$ (21,860)</u>
\$ 754,071	\$ 30,743	\$ -	\$ 784,814
667,373	189,965	-	857,338
<u>\$ 1,421,444</u>	<u>\$ 220,708</u>	<u>\$ -</u>	<u>\$ 1,642,152</u>
<u>\$ 106,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,731</u>

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATING STATEMENT OF EXPENSES FOR  
IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARY AND  
IOWA ASSOCIATION OF SCHOOL BOARDS FOUNDATION  
Year Ended June 30, 2009

	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations
Salaries	\$ 2,209,986	\$ 1,688,538	\$ -
Payroll taxes	128,736	97,150	-
Pension expense	484,016	104,592	-
Program management	-	-	-
Staff development	13,283	281	-
Marketing	-	26,778	-
Travel	269,357	30,021	-
Building operations	259,188	263,416	(250,000)
Equipment and computers	-	127,087	-
Depreciation and amortization	93,764	472,895	-
Office supplies	28,967	14,133	-
Cartage and postage	28,525	10,534	-
Telephone	10,937	26,107	-
Professional fees	306,546	936,021	(276,363)
Skills Iowa expenses	2,058,432	-	-
Sponsorship fees	-	491,706	(188,036)
Insurance	210,752	117,895	-
Printing	61,722	3,105	-
Reference materials	14,810	881	-
Dues	83,352	130	-
Conventions and conferences	334,584	2,313	-
Interest	-	175,248	(69,518)
Web hosting, registration and internet	1,461	35,879	-
Contributions	42,555	-	-
Miscellaneous	37,205	2,207	-
Program banking fees	-	501,397	-
Total expenses	\$ 6,678,178	\$ 5,128,314	\$ (783,917)



## Schedule 13

Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation	Eliminations	Consolidating Totals
\$ 3,898,524	\$ -	\$ -	\$ 3,898,524
225,886	-	-	225,886
588,608	-	-	588,608
-	126,863	(120,439)	6,424
13,564	-	-	13,564
26,778	-	-	26,778
299,378	3,243	-	302,621
272,604	-	-	272,604
127,087	-	-	127,087
566,659	-	(79,571)	487,088
43,100	5,741	-	48,841
39,059	282	-	39,341
37,044	60	-	37,104
966,205	4,598	(1,275)	969,528
2,058,432	-	-	2,058,432
303,670	-	-	303,670
328,647	1,834	-	330,481
64,827	1,161	-	65,988
15,691	-	-	15,691
83,482	365	-	83,847
336,897	-	-	336,897
105,730	-	-	105,730
37,340	-	-	37,340
42,555	46,000	-	88,555
39,412	51	-	39,463
501,397	-	-	501,397
<u>\$ 11,022,576</u>	<u>\$ 190,198</u>	<u>\$ (201,285)</u>	<u>\$ 11,011,489</u>